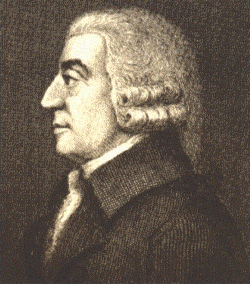
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Adam Smith

An Inquiry into the Nature and Causes of the Wealth of Nations (1776)



**Book I, Chapter 1.** *Of the Division of Labor:*

THE greatest improvement in the productive powers of labor, and the greater part of the skill, dexterity, and judgment with which it is anywhere directed, or applied, seem to have been the effects of the division of labor....To take an example, therefore, the trade of the pin-maker; a workman not educated to this business, nor acquainted with the use of the machinery employed in it, could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire, another straights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving, the head; to make the head requires two or three distinct operations; to put it on is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some factories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them.

I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations....

**What is the benefit of specialization? Explain his example of the pin makers.**

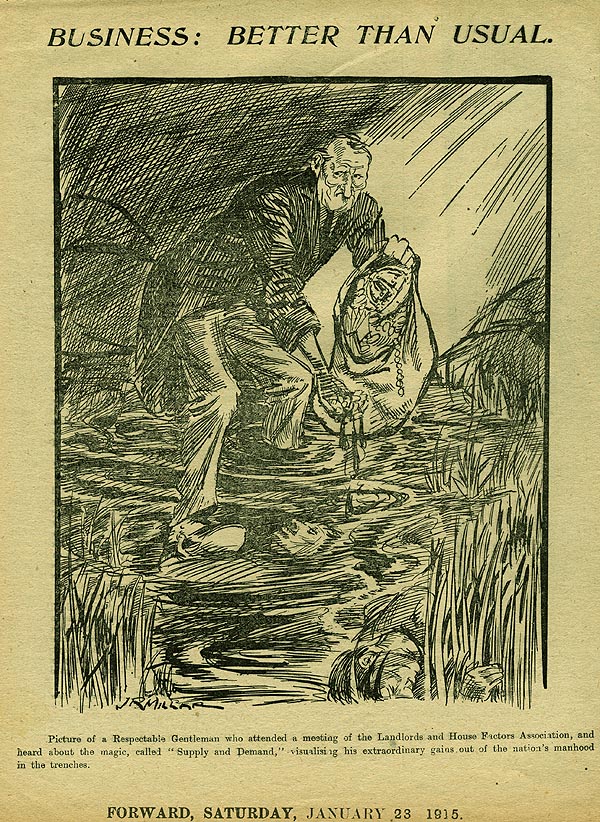
**No benevolent man ever lost altogether the fruits of his benevolence.**

**~The Theory of Moral Sentiments, Adam Smith**

**Book I, Chapter 2.** *Of the Principle which gives occasion to the Division of Labor:*

THIS division of labor, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that universal opulence to which it gives occasion. It is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another..... Man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favor, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater art of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.

**Why do people barter or exchange goods and services? Explain.**



*Capitalism has always been a failure for the lower classes. It is now beginning to fail for the middle classes.*

~Howard Zinn

**Every man is, no doubt,**

**by nature, first and**

**principally recommended**

**to his own care;**

**and as he is fitter to take**

**care of himself than of**

**any other person,**

**it is fit and right that**

**it should be so.**

**~Adam Smith**

***Capitalism at Work***

